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ABSTRACT

The School Readiness Act of 1991 (S. 911) amends the Head Start Act to expand the availability of the comprehensive health, educational, nutritional, and social services of Head Start to all eligible children and their families by 1997. This senate report on S. 911 begins by affirming the effectiveness of high quality early childhood development programs in preparing children for school while noting that funding is below the level that would be needed to serve all eligible children. Section II provides a description and funding history of Project Head Start, highlighting the effects of inadequate funding coupled with demands to expand enrollment. Section III presents the views of the Committee on Labor and Human Resources on appropriation levels, a new Head Start Transition Program to facilitate the smooth transition of disadvantaged children from Head Start to elementary education, American Indian and migrant programs, infant and toddler programs, full-day services, and Head Start Facilities. Section IV provides a cost estimate for the School Readiness Act of 1991, indicating that appropriations for the program would be $3 billion in 1992, $4 billion in 1993, $5 billion in 1994, $6 billion in 1995, and $7 billion in 1996. Current appropriations, pay-as-you-go considerations, and costs to state and local governments are also discussed. Section V looks at the regulatory impact of the bill and Section VI provides a section-by-section analysis. Finally, Section VII presents the Head Start Act and highlights all new or amended sections. (AC)

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SENATE

REPORT
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SCHOOL READINESS ACT OF 1991

AUGUST 2 (legislative day, JULY 8), 1991.—Ordered to be printed

Mr. KENNEDY, from the Committee on Labor and Human Resources, submitted the following

REPORT

[To accompany S. 911]

The Committee on Labor and Human Resources, to which was referred the bill (S. 911) to amend the Head Start Act to provide Head Start services to all eligible children by 1997, having considered the same, reports favorably thereon with an amendment and recommends that the bill as amended do pass.

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I. BACKGROUND AND NEED FOR LEGISLATION

President Bush and the Nation's Governors have declared "school readiness" to be our Nation's number one education goal. Study after study has shown that high quality early childhood development programs can help children begin school more prepared to learn. Child development experts agree that effective intervention must begin early, and should be continuous. If low-income children receive help at an early age, they will need much less assistance down the road. They will enter school more self-confident, with greater independence, and better problem solving and social

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skills. Yet today, programs that are proven effective in meeting this goal, such as Head Start, still lack the funding needed to serve all eligible children. In fact, federal funding for children's programs grew at one quarter the rate of overall federal spending increases during the 1980's.

II. History of Legislation

PROGRAM DESCRIPTION

As part of the War on Poverty, Project Head Start was designed to help economically disadvantaged children achieve their full potential. Since 1965, Head Start has been providing comprehensive early childhood development services including education, health, mental health, nutrition, social services, and parent involvement to more than 12 million low-income children and their families. Head Start served more than 540,930 children in 1990, about 27 percent of all eligible children. These children will start school on a more even footing with their peers.

Children enrolled in Head Start come from culturally and ethnically diverse group of families (Native American 4 percent; Hispanic 22 percent; Black 38 percent; White 33 percent; Asian 3 percent), almost all of whom are struggling to survive on extremely low incomes. More than 90 percent of all Head Start families live below the poverty line or $11,140 per year for a family of three in 1991. A majority of these families are headed by single parents. By law, at least 10 percent of the program's enrollment must be low-income children with disabilities; in 1989, about 14 percent of all Head Start children had physical, emotional, or mental disabilities and were able to participate fully in this comprehensive mainstream setting.

Almost 36 percent of Head Start staff are parents of current or former Head Start children. More than 484,000 parents volunteered in their local Head Start program in 1991. Each program is governed by a Parent Policy Council. This parent involvement is an essential ingredient in the Head Start program. Head Start parents show a greater interest in their children's development. They involve the children in daily family activities, read to them more, and pay closer attention to their children's reading and writing skills. Not only do their children begin school more prepared to learn, but the parents show a greater interest in the progress of their child's education.

One of the Head Start program's most unique characteristics is its "one-stop-shopping" approach that helps children and families receive the full range of needed services. As an example, in 1989-1990, 95 percent of Head Start families received social services either directly from their head Start program or through referrals to other agencies. Furthermore, 98% of children enrolled received medical and dental screenings and necessary follow-up treatment, in addition to all required immunizations.

Studies have documented that after Head Start participation, children are more confident and socially skilled. They are also healthier, show significant improvement in achievement on standardized tests, and are more likely to meet the basic requirements of elementary school. Head Start children are less likely to be placed

in special education classes or retained in a grade for more than a single year. They are also less likely to require intervention for other social problems as they grow older.

PROGRAM HISTORY

The Head Start program was originally authorized under the Economic Opportunity Act of 1964. It was administered by the Office of Economic Opportunity until 1974, when it was moved to the Department of Health, Education and Public Welfare. Today, Head Start is administered by the Administration for Children and Families within the Department of Health and Human Services.

During the 1980's, the politically popular Head Start program was pressed to expand enrollment at the expense of using funds to keep pace with inflation and for quality improvements such as staff salaries, training, and transportation. As a result, Head Start had increasing difficulties recruiting and retaining teachers to provide continuity to children in the delivery of quality early childhood education, and social service staff to provide families with comprehensive services. Funds for staff training diminished, and staff workloads increased. Due to an almost 100 percent increase in the cost of living since 1978, even with the Fiscal Year 1991 Head Start funding increase, the program has fewer inflation adjusted dollars per child than it received in the Fiscal Year 1978 appropriation. The amount per child that Head Start spent in 1990 was 13 percent less in real dollars than it was in 1977.

This decline in spending on Head Start in real dollars paralleled a dramatic increase in the needs of poor children and families. Increasing rates of family poverty, homelessness, and substance abuse, and growing numbers of families headed by young, single mothers posed new challenges for Head Start programs. In 1989–1990, 55 percent of Head Start families were headed by a single parent and 46 percent of all families had an annual income below $6,000. Over the last decade, young children have been the poorest members of our society—nearly twice as likely as adults to live in poverty.

One of the changes to which Head Start has been unable to respond adequately, is the growing need for all-day, year-round programs, which are partcularly important as more Head Start mothers enter the work force or job training programs. During the 1980's, many Head Start programs reduced their hours or length of service in order to serve more children. This included shortening the day from full-day to half-day, implementing back-to-back double sessions, expanding part-week programs such as Monday-Wednesday-Friday and Tuesday-Thursday sessions and reducing the number of months of operation. Today, most Head Start programs operate on a part-day schedule and close during the summer months. However, a part-day program falls short of meeting the needs of working families. In 1987–1988, 47 percent of Head Start families had heads of households who were working at least part of the year.

1990 REAUTHORIZATION RESPONDS TO CHANGES

In Title I of the Augustus F. Hawkins Human Services Reauthorization Act of 1990, Congress and the Administration recognized the program's unique effectiveness and enacted Public Law 101-501, a reauthroization which, for the first time, provided for a series of funding increases which, if appropriated, would allow all eligible 3, 4, and 5 year olds not attending kindergarten to receive Head Start services by 1994. Through this action, Congress and the Administration responded to the strong recommendations of child development experts that intervention should begin early and be delivered with continuity.

Equally important as the commitment to serve all eligible children, Congress also committed itself to maintaining the quality of the Head Start program through several different provisions of the 1990 reauthorization. For the next four years, 2 percent of each Head Start annual appropriation was earmarked for training. In addition, Congress earmarked 10 percent of the total fiscal year 1991 appropriation (after inflation), and a subsequent 25 percent of each year's increase in funds, for quality improvement. At least half of the funds for quality must be spent to enhance salaries and benefits, with the remaining half set aside for transportation, additional education, social service, and parent involvement staff, insurance, and facility improvements. By 1994, each Head Start classroom will be required to have at least one teacher with a Child Development Associate credential or other appropriate early childhood credential.

Through last year's reauthorization, Congress acknowledged the new challenges facing Head Start by setting aside money for at least one Parent-Child Center in each state to serve infants and toddlers ($30 million in fiscal year 1991), and by earmarking funds for new transition projects to continue Head Start's comprehensive services for children after they enter school ($20 million in fiscal year 1991). The reauthorization also explicitly stated that programs could use funds to provide full day, full year services.

UNFINISHED AGENDA

After more than 25 years, Head Start still serves only 1 out of every 3 eligible children and families. Despite broad based bipartisan support for the Head Start program and hundreds of studies attesting to its proven success, there is a universe of children who will not benefit from these comprehensive services that help them begin school ready to learn. In addition to the 5 million children under age five who live in poor families, many others need help because they are at risk of developmental delays, have disabilities, are homeless, are at risk of abuse and neglect, or are the children of teenage parents.

In February of 1991, the Committee for Economic Development released a report entitled the "Unfinished Agenda: A New Vision for Child Development and Education." In this landmark report, the business community came together to remind the nation not to lose sight of our commitment to provide full funding for Head Start by 1994. Business people know that it is less expensive to prevent failure than to try to correct it later. With a growing concern about

our future workforce, CED's message was clear—our economic future depends on our willingness to invest wisely in our children with effective early childhood development programs like Head Start:

> CED continues to support full funding of Head Start to increase enrollment of all eligible three to five year olds, and we urge Congress to follow through with appropriations that will match the full-funding authorization targets by 1994. We also believe that it is equally important that Congress promote the effectiveness of Head Start by ensuring adequate funds for maintaining the quality of services in both new and existing programs.
>
> "We believe that it is more important than ever to act on the knowledge that our children are our future. If we fail to nurture and educate all our children, we will be closing the doors of opportunity to a growing number of young people and excluding them from participation in the mainstream of American life. The cost of failure is enormous, for what is at stake is the survival of our free-enterprise economy, our democratic system, and the American dream itself."

Head Start facilities are crucial to effectively deliver services to children. Under current law, Head Start grantees are prohibited from using funds for the purchase or construction of facilities. In a National Head Start Association survey, 23.1 percent of responding programs reported they were forced to vacate renovated facilities during the period between 1987 to 1990. In too many instances, Head Start programs lose renovated facilities when landlords raise rents or refuse to renew leases, or when schools or churches are forced to reclaim donated facilities due to their own fiscal constraints. NHSA estimates that the Head Start community lost nearly $13 million worth of renovations during this three year period. Though renovations are frequently needed to bring rented or borrowed facilities up to the level suitable for delivery of early childhood education services, it is not cost-effective to make improvements on property owned by others. Not only are Head Start funds lost on renovations, but frequent relocations create an unstable foundation for Head Start in the community. In some cases, programs are required to settle for less than adequate facilities. The expansion of Head Start could risk the loss of more funds on tenuous renovations if the restrictions on construction and facility acquisition remain. Information the NHSA survey, 54 percent of the programs stated that construction or purchase of facilities would be the best long-term solution to their facility related problems.

Testifying before the Head Start Silver Ribbon Panel on the future of Head Start, Hector deLeon, Representative to the National Migrant Head Start Directors Association stated:

> (we need) a unified push to own our buildings in the future. It really hurts when we bring a building to licensing code and we are (then) told to vacate the building. Not only does it hurt in the pocket book, which we cannot

afford, but it hurts the morale of parents and staff as well. Pride in where we work brings respect from the community and respect (brings) better collaboration.

Head Start has proven itself to be a model program to effectively address the needs of low-income children and families. During the 1990 reauthorization, major strides were made toward scheduled expansion and quality enhancement. However, there is a continuing uncertainty of program appropriations. Rather than allowing progress toward full appropriations for Head Start to proceed slowly and unevenly, S. 911 mandates the needed appropriation and puts the program on a path of regular growth. Congress and the Administration have already shown support for the full funding of Head Start. S. 911 assures full funding by appropriating $33 billion in mandatory spending, to be phased-in over a period of six years, so the program can serve all eligible three- and four-year-olds and 30 percent of eligible five-year-olds by 1997.

III. Committee Views

There are 25 years of intensive field work and careful analysis that document the proven effectiveness of Head Start. If "school readiness" is the nation's number one educaton goal, it is time to take action to realize this goal. Ensuring access to Head Start services for all eligible 3, 4, and 5 year olds is a goal supported by a broad range of national childrens, education, and social service organizations, as well as the National Commission on Children, the Committee for Economic Development, and the National Alliance for Business. If we are serious about our children and our national education goals, we must provide a reliable and constant source of funding for quality Head Start services for all eligible children.

S. 911, The School Readiness Act of 1991, provides future security for tomorrow's pre-schoolers by ensuring the financial security of the Head Start program today.

APPROPRIATION LEVELS

The Committee believes it is time to put Head Start on a stable path towards full participation of all eligible children. Congress has already indicated its support for this goal by the passage of Public Law 101-501 last year, which authorized full funding by 1994. S. 911 assures full funding by appropriation $33 billion over six years in mandatory spending to phase in Head Start services for all eligible three- and four-year-olds, and 30 percent of eligible five-year-olds.

The appropriation levels in S. 911 are based upon the number of eligible children and costs used to calculate the authorization levels in Public Law 101-501. These estimates are based upon the cost of high-quality services, and assume that children aged three to five years of age will be served continuously until they enter kindergarten or elementary school. The appropriation levels are adjusted for inflation, to assure that Head State agencies are adequately funded to provide quality services and offset the impact of inflation.

The Committee believes that maintaining and enhancing the quality of Head Start services is just as important as expanding the number of children served, in order to assure the long term bene-

fits of the program. S. 911 maintains the quality improvement provisions of Public Law 101-501 and strengthens them by assuring that quality improvement funds will be available. The Committee also emphasizes that the expansion of Head Start services must be funded at a cost-per-child sufficient to assure high-quality services.

TRANSITION

It is important to strengthen efforts to maintain the gains made by children in Head Start as they leave the program and begin formal schooling. Public Law 101-501 authorized $20 million per year for a new Head Start Transition Project to facilitate the smooth transition of disadvantaged children from Head Start to elementary school. S. 911 earmarks 1 percent of the appropriated funds for the Head Start Transition Project, assuring that transition efforts between Head Start agencies and local education agencies will increase proportionately as Head Start expands. These projects are intended to facilitate joint planning efforts and improve communication between Head Start agencies and elementary schools. They will introduce, into kindergarten through grade 3, programs with specific elements of the Head Start program, including parental involvement and coordination of comprehensive support services.

INDIAN AND MIGRANT PROGRAMS

The Committee intends that Indians and Migrant Head Start services, whose funding is determined at the Secretary's discretion and not by formula, be expanded at a level comparable to service levels funded through the formula contained in the Head Start legislation. It is essential that these programs be funded adequately to meet the special needs of these communities, including the need for infant-toddler services and full-day care. S. 911 ensures that sufficient new funding will be available for Indian and Migrant Head Start to maintain not less than the proportion of funds for these programs available in fiscal year 1990.

INFANT AND TODDLER PROGRAMS

The committee recognizes the importance of early intervention programs for economically disadvantaged families with children below the age of three. The increase in the number of single parents, and the increasing severity of poverty today has lead many experts to call for earlier intervention and support for at-risk children and families. Head Start has always included some infant-toddler services. Public Law 101-501 authorizes a modest increase for Parent and Child Centers, a Head Start model program for serving families with children below the age of three, increasing the funding to $30 million in fiscal year 1991. S. 911 continues this increase emphasis on early intervention programs with a set-aside of 3 percent of appropriated funds for Parent and Child Centers and other comprehensive early childhood intervention programs, such as Comprehensive Child Development Centers.

FULL DAY SERVICES

The committee recognizes that increasing numbers of Head Start parents are working or participating in training programs, and that an extended day program is an important need for these families. Head Start regulations have recognized this need and made provisions for full-day Head Start services ior these families since 1972. However, in spite of these regulations and the increasing need, the percentage of full-day programs in Head Start has declined over the last decade. Last year, Public Law 101-501 affirmed that Head Start agencies could use funds for full-day services, and S. 911 goes an extra step to clarify the eligibility requirements for these services in accordance with the existing regulations. The Committee intends that the decision to provide full-day services to eligible families with Head Start funds should be made at the local community level based upon the community needs assessment and with the approval of Parent Policy Council.

HEAD START FACILITIES

Head Start programs need facilities to house their preschool classrooms, social service programs, and administrative offices. The anticipated expansion of Head Start services will require the further development and acquisition of new facilities. Under current law, Head Start grantees are prohibited from using funds for the purchase or construction of facilities. Although it does not require that grantees construct their own facilities, S. 911 allows Head Start agencies to use grant funds for the construction, renovation and purchasing facilities based on need.

The Committee believes this authority will be cost-effective and will enable Head Start agencies to appropriately address the space needs brought about by program expansion. Throughout Head Start's history, grant funds have been spent to renovate facilities used but not owned by Head Start agencies. In many instances, these renovated facilities are later reclaimed by their owners, causing Head Start's investment in the property to be lost. Allowing Head Start grantees to own facilities can reduce or prevent this lost investment in renovations, and also enable these agencies to implement long-term facility development strategies to accommodate the phased-in expansion of Head Start services.

In order to protect the program's quality while expanding services, S. 911 gives the Department of Health and Human Services, their regional offices, and local programs the funding security they need to do the kind of long range planning that our children deserve. With assured funding, HHS will be able to develop long-term expansion plans. Moreover, local agencies will be able to develop long-range plans for securing the necessary facilities and staff needed for future expansion. Regional HHS offices will be able to seek additional delegate agencies to provide services in areas where no Head Start grantees currently exist. A recent survey by the National Head Start Association demonstrates that Head Start programs, with technical assistance and adequate resources, would be able to phase in all eligible children in less than four years.

This year alone, 1.5 million eligible children will not receive Head Start services, and may not get a second chance to receive

the benefits of Head Start. S. 911 will build on the proven successes of Head Start. It does not change the Head Start program, but rather, makes good the federal government's promise to ensure universal access. Only by providing Head Start services to all eligible children by 1997 will the Nation be able to meet its No. 1 education goal and ensure that by the year 2000, all children will enter school ready to learn.

IV. Cost Estimate

U.S. Congress,
Congressional Budget Office,
Washington, DC, July 10, 1991.

Hon. Edward M. Kennedy,
Chairman, Committee on Labor and Human Resources,
U.S. Senate, Washington, DC.

Dear Mr. Chairman: As requested, the Congressional Budget Office has prepared the enclosed cost estimate for S. 911, the School Readiness Act of 1991, as ordered reported by the Committee on Labor and Human Resources on June 27, 1991.

This bill would affect direct spending and therefore would have pay-as-you-go implications under section 252 of the Budget Enforcement Act of 1990.

If you wish further details on this estimate, we will be pleased to provide them. The CBO staff contact is Karen Watkins (226-2800).

Sincerely,

Robert D. Reischauer.

Congressional Budget Office

Cost Estimate

1. Bill number: S. 911.
2. Bill title: The School Readiness Act of 1991.
3. Bill status: As ordered reported by the Senate Labor and Human Resources Committee, June 27, 1991.
4. Bill purpose: The purpose of this bill is to expand the availability of the comprehensive health, educational, nutritional, and social service, known as Head Start, to all eligible children and their families. by 1997.
5. Estimated cost to the Federal Government:

[By fiscal years, in millions of dollars]

	1992	1993	1994	1995	1996
Direct Spending:					
Budget Authority	3,000	4,000	5,000	6,000	7,000
Estimated Outlays	1,470	3,370	4,450	5,450	5,980

The costs of this bill fall within budget function 500.

Basis of Estimate

S. 911 appropriates $3 billion in 1992, $4 billion in 1993, $5 billion in 1994, $6 billion in 1995, $7 billion in 1996, and (though not shown in the table) $8 billion in 1997 to fund the Head Start Programs and to expend them to all eligible children and their families by 1997. These amounts are specified within the bill.

Appropriations for Head Start programs are $1,952 million for 1991. The CBO baseline for Head Start is $2,052 million in 1992, $2,134 million in 1993, $2,215 million in 1994, $2,215 million in 1995, and $2,215 million in 1996. This bill would increase the programs above baseline levels by $900 million 1992 and $4.8 billion in 1996. In addition, the bill would appropriate funds for the programs directly instead of authorizing discretionary appropriations as under current law. Total outlays reflect the spending patterns of existing programs.

6. Pay-as-you-go consideration: The Budget and Enforcement Act of 1990 sets up pay-as-you-go procedures for legislation affecting direct spending or receipts through 1995. The bill would have the following pay-as-you-go impact:

[By fiscal years, in millions of dollars]

	1992	1993	1994	1995
Outlays	1,470	3,370	4,450	5,450
Receipts	N/A	N/A	N/A	N/A

7. Estimated Cost to State and local Government: None.
8. Estimate Comparison: None.
9. Previous CBO Estimate: None.
10. Estimate Prepared By: Karen Watkins.
11. Estimate Approved By: C.G. Nuckols for James L. Blum, Assistant Director for Budget Analysis.

V. Regulatory Impact Statement

The committee has determined that this bill will result in a slight increase in regulatory burden and paperwork related to the conversion of the Head Start Program into an entitlement.

VI. Section-by-Section Analysis of S. 911

Section 1 provides the short title of the bill, "School Readiness Act of 1991."

Section 2 states the findings of Congress.

Section 3 amends Section 635 of the Act to make the short title of the subchapter to be "the Head Start Act."

Section 4 amends Section 636 of the Act to extend the appropriation of Head Start funds.

Section 5 amends Section 637 of the Act to provide that: the methodology that triggers the quality improvement reserve for fiscal year 1991 also apply to N 1992 funds; the 1991 quality improvement reserve proportion (10 percent of the total appropriation) be the same proportion for fiscal year 1992; and the quality

improvement reserve for subsequent years be 25 percent' of the total appropriation.

Section 6 amends Section 638 of the Act to require the Secretary to fund designated Head Start agencies that will provide Head Start services to all eligible children. All eligible children shall be entitled to receive services through a Head Start program, subject to appropriation levels.

Section 7 amends Section 639(a) of the Act for the purposes of providing Head Start services to all eligible children. Three billion is appropriated in 1992, $4 billion in fiscal year 1993, $5 billion in fiscal year 1994, $6 billion in 1995, $7 billion in fiscal year 1996, and $8 billion in fiscal year 1997. Section 7 also provides that the Secretary use 1 percent of the appropriation in each year on the Head Start Transition Project.

Section 8 amends Section 640 of the Act to provide for the allotment of funds. The Secretary is required to reserve 13 percent of appropriated funds for several purposes. Of the 13 percent, enough funds must be reserved to provide services to a percentage of an eligible Indian and migrant children that is not less than the percentage of all eligible Head Start children served, and that is not less than the amount obligated for use by Indian and migrant programs in fiscal year 1991. Section 8 adds that part of the 13 percent also be reserved for children with disabilities as defined in the Individuals with Disabilities Education Act.

Section 8 also amends Section 639(a) of the Act to allocate funds to Parent Child Centers and other early childhood intervention programs. The Secretary is required to reserve at least 3 percent of appropriated funds for such programs. A portion of the 3 percent must be for Indian and migrant early intervention programs. The Secretary shall allocate the remainder of funds among States in the same proportion as funds are allocated for regular Head Start programs with certain exceptions.

Section 8 adds criteria under which Head Start programs are allowed to provide full-day services. They are that the local parent policy council must determine that such services are needed, and that such services are provided to eligible children as defined by the Secretary.

Section 9 amends Section 642 of the Act to allow Head Start funds to be used to pay the costs of acquiring, expanding, and modernizing existing buildings, constructing new buildings, and acquiring and installing equipment.

Section 10 makes technical and conforming amendments to Sections 642(a), 643, and 651(g) of the Act.

Section 11 sets an effective date of October 1, 1991 for these amendments.

VII. Changes in Existing Law

In compliance with rule XXVI paragraph 12 of the Standing Rules of the Senate, the following provides a print of the statute or the part or section thereof to be amended or replaced (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman):

* * * * * * *

TITLE VI—HUMAN SERVICES PROGRAMS

Subtitle A—Authorizations Savings for Fiscal Years 1982, 1983, and 1984

* * * * * * *

CHAPTER 8—COMMUNITY SERVICES PROGRAMS

* * * * * * *

Subchapter B—Head Start Programs

[SHORT TITLE

[SEC. 635. This subchapter may be cited as the "Head Start Act".]

SHORT TITLE

SEC. 635. This subchapter may be cited as the "Head Start Act".

[STATEMENT OF PURPOSE AND POLICY

[SEC. 636. (a) In recognition of the role which Project Head Start has played in the effective delivery of comprehensive health, educational, nutritional, social, and other services to economically disadvantaged children and their families, it is the purpose of this subchapter to extend the authority for the appropriation of funds for such program.

[(b) In carrying out the provisions of this subchapter, the Secretary of Health and Human Services shall continue the administrative arrangement responsible for meeting the needs of migrant, non-English language background, and Indian children and shall assure that appropriate funding is provided to meet such needs.]

STATEMENT OF PURPOSE AND POLICY

SEC. 636. (a) In recognition of the role that Project Head Start has played in the effective delivery of comprehensive health, educational, nutritional, social, and other services to economically disadvantaged children and their families, it is the purpose of this subchapter to ensure the apropriation of funds for such program.

(b) In carrying out the provisions of this subchapter, the Secretary of Health and Human Services shall continue the administrative arrangement responsible for meeting the needs of migrant, non-English language background, and Indian children and shall assure that appropriate funding is provided to meet such needs.

[DEFINITIONS

[SEC. 637. For purposes of this subchapter:

[(1) The term "Secretary" means the Secretary of Health and Human Services.

[(2) The Term "State" means a State, the Commonwealth of Puerto Rico, the District of Columbia, Guam, American Samoa, the Virgin Islands, the Federated States of Micronesia, the Republic of the Marshall Islands, Palau, and the Commonwealth of the Northern Mariana Islands.

[(3) The term "financial assistance" includes assistance provided by grant, agreement, or contract, and payments may be made in installments and in advance or by way of reimbursement with necessary adjustments on account of overpayments or underpayments.

[(4) The term "adjusted appropriation" means—

[(A) with respect to the first fiscal year for which funds are required by section 640(a)(3)(A) to be reserved, the sum of—

[(i) $35,000,000; and

[(ii) 110 percent of the amount appropriated under section 639(a) for the preceding fiscal year, adjusted to reflect the percentage change in the Consumer Price Index For All Urban Consumers (issued by the Bureau of Labor Statistics) occurring in the 1-year period ending immediately before the fiscal year with respect to which a determination is made under section 640(a)(3)(A); and

[(B) with respect to each subsequent fiscal year for which funds are required by section 640(a)(3)(A) to be reserved, the amount appropriated under section 639(a) for the preceding fiscal year adjusted to reflect the percentage change in the Consumer Price Index For All Urban Consumers (issued by the Bureau of Labor Statistics) occurring in the 1-year period ending immediately before the fiscal year with respect to which determination is made under section 640(a)(3)(A).

[(5) The term "quality improvement funds" means—

[(A) with respect to the first fiscal year for which funds are required by section 640(a)(3)(A) to be reserved, 10 percent of the amount appropriated under section 639(a) for such fiscal year; and

[(B) with respect to each subsequent fiscal year for which funds are required by section 640(a)(3)(A) to be reserved, 25 percent of the portion of the amount appropriated under section 639(a) for such fiscal year that exceeds the adjusted appropriation for such fiscal year.

[(6) The term "Head Start classroom" means a group of children supervised and taught by two paid staff members (a teacher and a teacher's aid or two teachers) and where possible, a volunteer.

[(7) The term "Head Start family day care" means Head Start services provided in a private residence other than he residence of the child receiving such services.

[(8) The term "home-based Head Start program" means a Head Start program that provides Head Start services in the private residence of the child receiving such services.

[(9) The term "poverty line" means

[(A) the official poverty line (as defined by the Office of Management and Budget) adjusted to reflect the percentage change in the Consumer Price Index For All Urban Consumers, issued by the Bureau of Labor Statistics, occurring in the 1-year period or other interval immediately preceding the date such adjustment is made;

[(or

[(B) the poverty line (including any revision thereof) applicable to this subchapter for fiscal year 1990, adjusted to reflect the percentage change in the Consumer Price Index For All Urban Consumers, issued by the Bureau of Labor Statistics, occurring in the period begining October 1, 1989, and ending immediately before the date such adjustment is made;

whichever is greater.

[(10) The term "full calendar year" means all days of the year other than Saturday, Sunday, and a legal public holiday.

[(11) The term "full-workiing-day" means not less than 10 hours per day.]

DEFINITIONS

SEC. 637. For purposes of this subchapter:

(1) The term "Secretary" means the Secretary of Health and Human Services.

(2) The term "State" means a State, the Commonwealth of Puerto Rico, the District of Columbia, Guam, American Samoa, the Virgin Islands, the Federated States of Micronesia, the Republic of the Marshall Islands, Palau, and the Commonwealth of the Northern Mariana Islands.

(3) The term "financial assistance" includes assistance provided by grant, agreement, or contract, and payments may be made in installments and in advance or by way of reimbursement with necessary adjustments on account of overpayments or underpayments.

(4) The term "adjusted appropriation" means—

(A) with respect to fiscal year 1992, the sum of—

(i) $35,000,000; and

(ii) 110 percent of the amount appropriated under section 639(a) for fiscal year 1991, adjusted to reflect the percentage change in the Consumer Price Index for All Urban Consumers, issued by the Bureau of Labor Statistics, occuring in fiscal year 1991; and

(B) with respect to fiscal year 1993 and each subsequent fiscal year, the amount appropriated under section 639(a) for the preceding fiscal year, adjusted to reflect the percentage change in the Consumer Price Index for All Urban Consumers, issued by the Bureau of Labor Statistics, occurring in the 1-year period ending immediately before the fiscal year.

(5) The term "quality improvement funds" means—

(A) with respect to fiscal year 1992, 10 percent of the amount appropriated under section 639(a) for such fiscal year; and

(B) with respect to fiscal year 1993 and each subsequent fiscal year, 25 percent of the portion of the amount appropriated under section 639(a) for such fiscal year.

(6) The term "Head Start classroom" means a group of children supervised and taught by two paid staff members (a teacher and a teacher's aide or two teachers) and, where possible, a volunteer.

(7) The term "Head Start family day care" means Head Start services provided in a private residence other than the residence of the child receiving such services.

(8) The term "home-based Head Start program" means a Head Start program that provides Head Start services in the private residence of the child receiving such services.

(9) The term "poverty line" means—

(A) the official poverty line (as defined by the Office of Management and Budget) adjusted to reflect the percentage change in the Consumer Price Index for All Urban Consumers, issued by the Bureau of Labor Statistics, occurring in the 1-year period or other interval immediately preceding the date such adjustment is made; or

(B) the poverty line (including any revision thereof) applicable to this subchapter for fiscal year 1990, adjusted to reflect the percentage change in the Consumer Price Index for All Urban Consumers, issued by the Bureau of Labor Statistics, occurring in the period beginning October 1, 1989, and ending immediately before the date such adjustment is made;

whichever is greater.

(10) The term "full calendar year" means all days of the year other than Saturday, Sunday, and a legal public holiday.

(11) The term "full-working-day" means not less than 10 hours per day.

[FINANCIAL ASSISTANCE FOR HEAD START PROGRAMS

[SEC. 638. (a) The Secretary may, upon application by an agency which is eligible for designation as a Head Start agency pursuant to section 641, provide financial assistance to such agency for the planning, conduct, administration, and evaluation of a Head Start program focused primrily upon children from low-income families who have not reached the age of compulsory school attendance which (1) will provide such comprehensive health, nutritional, educational, social, and other services as will aid the children to attain their full potential; and (2) will provide for direct participation of the parents of such children in the development, conduct, and overall program direction at the local level.

[(b) For purposes of providing financial assistance under subsection (a) to agencies, the Secretary may not take into consideration whether such agency applies for or receives funds under subchapter E.]

FINANCIAL ASSISTANCE FOR HEAD START PROGRAMS

SEC. 638. (a) The Secretary shall, upon application by an agency that is designated as a Head Start agency pursuant to section 641, provide financial assistance to such agency for the planning, conduct, administration, and evaluation of a Head Start program, focused primarily upon children from low-inocme families who have not reached the age of compulsory school attendance, that—

(1) will provide to all eligible children such comprehensive health, nutritional, educational, social, and other services as will aid the children to attain their full potential; and

(2) will provide for direct participation of the parents of such children in the development, conduct, and overall program direction at the local level.

(b) For purposes of providing financial assistance under subsection (a) to agencies, the Secretary may not take into consideration whether such agency applies for or receives funds under subchapter E.

(c) All eligible chilren shall be entitled to receive services through a Head Start program, subject to section 639(a).

[AUTHORIZATION OF APPROPRIATIONS

[SEC. 639. (a) There are authorized to be appropriated for carrying out the provisions of this subchapter (other than section 615A) $1,552,000,000 for fiscal year 1990, $2,386,000,000for fiscal year 1991, $4,273,000,000 for fiscal year 1992, $5,924,000,000 for fiscal year 1993, and $7,660,000,000 for fiscal year 1994.

[(b) There are authorized to be appropriated to carry out section 651A, such sums as may be necessary for fiscal year 1991 through 1996.

[(c)(1) If the amount appropriated under subsection (a) for fiscal year 1991 exceeds the adjusted appropriation, the Secretary shall make available not less than $20,000,000 to carry out the Head Start Transition Project Act.

[(2) The Secretary shall make available not less than $20,000,000 for each of the fiscal years 1992, 1993, and 1994 to carry out the Head Start Transition Project Act.]

APPROPRIATIONS

SEC. 639. (a) For purposes of providing services to all eligible children through Head Start programs, there are appropriated to carry out this subchapter, $3,000,000,000 for fiscal year 1992, $4,000,000,000 for fiscal year 1993, $5,000,000,000 for fiscal year 1994, $6,000,000,000 for fiscal year 1995, $7,000,000,000 for fiscal year 1996, and $8,000,000,000 for fiscal year 1997. The Secretary shall make available the sums described in the previous sentence, subject to section 640, to make payments to agencies that have been designated Head Start agencies under section 641 and have submitted, and had approved by the Secretary, applications described in section 638.

(b) The Secretary shall make available not less than 1 percent of amounts appropriated under subsection (a) for each of the fiscal years set forth in subsection (a) to carry out the Head Start Transition Project Act.

[ALLOTMENT OF FUNDS; LIMITATION ON ASSISTANCE

[SEC. 640. (a)(1) Of the sums appropriated pursuant to section 639 for any fiscal year beginning after September 30, 1981, the Secretary shall allot such sums in accordance with paragraphs (2) through (5).

[(2) The Secretary shall reserve 13 percent of the amount appropriated for each fiscal year for use in accordance with the following order of priorities—

[(A) Indian and migrant Head Start programs and services for handicapped, except that there shall be made available for each fiscal year for use by Indian and migrant Head Start programs, on a nationwide basis, not less than the amount that was obligated for use by Indian and migrant Head Start programs for fiscal year 1990;

[(B) payments to Guam, American Samoa, the Federal States of Micronesia, the Republic of the Marshall Islands, Palau, the Commonwealth of, the Northern Mariana Islands, and the Virgin Islands according to their respective needs, except that such amount shall not exceed one-half of 1 percent of the sums appropriated for any fiscal year;

[(C) training and technical assistance activities which are sufficient to meet the needs associated with program expansion and to foster program and management improvement activities as described in section 648 of this subchapter, in an amount for each fiscal year which is not less than 2 percent of the amount appropriated for any such fiscal year; and

[(D) discretionary payments made by the Secretary.

[No funds reserved under this paragraph or paragraph (3) may be combined with funds appropriated under any other Act if the purpose of combining funds is to make a single discretionary grant or a single discretionary payment, unless such funds appropriated under this subchapter are separately identified in such grant or payment and are used for the purposes of this subchapter.

[(3)(A) For any fiscal year for which the amount appropriated under section 639(a) exceeds the adjusted appropriation, the Secretary shall reserve the quality improvement funds for such fiscal year, for one or more of the following quality improvement activities:

[(i)(I) Not less than one-half of the amount reserved under this subparagraph, to improve the compensation (including benefits) of staff of Head Start agencies and thereby enhance recruitment and retention of such staff. The expenditure of funds under this clause shall be subject to section 653.

[(II) If a Head Start agency certifies to the Secretary for such fiscal year that part of the funds set aside under subclause (I) to improve wages cannot be expended by such agency to improve wages because of the operation of section 653, then such agency may expend such part for any of the uses specified in the subparagraph (other than wages).

[(ii) To pay transportation costs incurred by Head Start agencies to enable eligible children to participate in a Head Start program.

[(iii) To employ additional Head Start staff, including staff necessary to reduce the child-staff ratio and staff necessary to coordinate a Head Start program with other services available to children participating in such program and to their families.

[(iv) To pay costs incurred by Head Start agencies to purchase insurance (other than employee benefits) and thereby maintain or expand Head Start services.

[(v) To make nonstructural and minor structural changes, and to acquire and install equipment, for the purpose of improving facilities necessary to expand the availability, or enhance the quality, of Head Start programs.

[(vi) To supplement amounts provided under section 640(a)(2)(C) to provide training necessary to improve the qualifications of the staff of the Head Start agencies, and to support staff training, child counseling, and other services necessary to address the problems of children participating in Head Start programs, including children from dysfunctional families, children who experience chronic violence in their communities, and children who experience substance abuse in their families.

[(B)(i) Funds reserved under subparagraph (A) for the first and second fiscal years for which funds are so reserved shall be allotted by the Secretary as follows:

[(I) 80 percent of such funds shall be allotted among the States in the same proportion as the Secretary allots funds among the States under paragraph (5) for the respective fiscal year.

[(II) 20 percent of such funds shall be allotted among the States, and used to make grants to Head Start agencies, at the discretion of the Secretary.

[(ii) Funds reserved under subparagraph (A) for any fiscal year subsequent to the second fiscal year for which funds are so reserved shall be allotted by the Secretary among the States in the same proportion as the Secretary allots funds among the States under paragraph (5) for the respective subsequent fiscal year.

[(iii) To be expended for the activities specified in subparagraph (A) in the first fiscal and second fiscal years for which funds are required by such subparagraph to be reserved, funds allotted under clause (i)(I) shall be used by the Secretary to make a grant to each Head Start agency that receives a grant from funds allotted under paragraph (5) for such fiscal year, in the amount that bears the same ratio to the amount allotted under clause (i)(I) for such fiscal year for the State in which such agency is located as the number of children participating in the Head Start program of such agency in such fiscal year bears to the number of children participating in all Head Start programs in such State in such fiscal year.

[(iv) To be expended for the activities specified in subparagraph (A) in each subsequent fiscal year for which funds are required by such subparagraph to be reserved, funds allotted under clause (ii) shall be used by the Secretary to make grants to Head Start agencies that receive grants from funds allotted under paragraph (5) for such fiscal year, in such amounts as the Secretary considers to be appropriate. The aggregate amount of grants made under this clause to Head Start agencies in a State for a fiscal year may not

exceed the amount allotted under clause (ii) for such State for such fiscal year.

[(v) If a Head Start agency certifies for such fiscal year to the Secretary that it does not need any funds under subparagraph (A), or does not need part of such funds it would otherwise receive under clause (iii) or (iv), then unneeded funds shall be used by the Secretary to make grants under this subparagraph without regard to such agency.

[(vi) Funds received under this subparagraph shall be used to supplement, not to supplant, funds received under paragraphs (2), (4), and (5).

[(4)(A)(i) If the amount appropriated under section 639(a) for fiscal year 1991 exceeds the adjusted appropriation, the Secretary shall reserve $30,000,000 for fiscal year 1991, to make grants to Head Start agencies to carry out early childhood intervention programs, to be known as "Parent-Child Centers", within Head Start programs.

[(ii) The Secretary shall reserve $31,200,000 for fiscal year 1992, $32,448,000 for fiscal year 1993, and $33,745,920 for fiscal year 1994 to make grants to Head Start agencies to carry out such early childhood intervention programs.

[(B)(i) Such early childhood intevention programs shall be designed—

[(I) to enhance the development of children who are less than 3 years of age; and

[(II) to strengthen the family unit by providing opportunities for increasing the child development skills and knowledge of their parents.

[(ii) Such early childhood intervention programs shall provide comprehensive services (such as social, health, and educational services) to low-income families with children who are less than 3 years of age. Such programs may provide such services to any eligible family during any period of time and may be center-based, home-based, or a combination of both.

[(C) Funds reserved under subparagraph (A) for a fiscal year shall be allotted as follows:

[(i) For Indian and migrant early childhood intervention programs, the Secretary shall allot the amount that represents the same proportion as such programs collectively received of the funds appropriated under section 639 for fiscal year 1990.

[(ii)(I) Subject to subclause (II) and after making the allotment under clause (i), the Secretary shall allot the remainder of such funds among the States in the same proportion as funds are allotted among the States under paragraph (5), except that the amount alloted for each State shall not be less than $200,000 or the amount that represents the same proportion of the funds appropriated under section 639 for fiscal year 1990 that were allotted for such State and used to carry out early childhood intervention programs, whichever is greater.

[(II) in any fiscal year for which such remainder is insufficient to allot the minimum amount required by subclause (I), the Secretary shall reduce ratably the minimum allotment required by such subclause.

[(D) The Secretary may not make a grant under this paragraph to a Head Start agency for a fiscal year unless—

[(i) such agency certifies that carrying out the early childhood intervention program for which such grant is requested will not reduce services provided by such agency to children who participate in other programs provided by such agency under this subchapter; and

[(ii) such agency certifies that to the maximum extent practicable, it will provide continuous service to children who receive services under this paragraph through compulsory school age, either through the early childhood intervention programs authorized by this paragraph or through other Head Start programs.

[(E) For purposes of this paragraph, the term "low-income family" means a family that satisfies the eligibility requirements applicable under section 645(a).

[(5) The Secretary shall allot the remaining amounts appropriated in each fiscal year among the States, in accordance with latest satisfactory data so that—

[(A) each State receives an amount which is equal to the amount the State received for fiscal year 1981; and

[(B)(i) 33⅓ percent of any amount available after all allotments have been made under clause (A) for such fiscal year shall be distributed on the basis of the relative number of children from birth through 18 years of age, on whose behalf payments are made under the program of aid to families with dependent children under a State plan approved under part A of title IV of the Social Security Act in each State as compared to all States; and

[(ii) 66⅔ percent of such amount shall be distributed on the basis of the relative number of children from birth through 5 years of age living with families with incomes below the poverty line in each State as compared to all States.

[(6) For purposes of this subsection, the term "State" does not include Guam, American Samoa, the Virgin Islands, the Commonwealth of the Northern Mariana Islands, the Federated States of Micronesia, the Republic of the Marshall Islands, and Palau.

[(b) Financial assistance extended under this subchapter for a Head Start program shall not exceed 80 percent of the approved costs of the assisted program or activities, except that the Secretary may approve assistance in excess of such percentage if the Secretary determines, in accordance with regulations establishing objective criteria, that such action is required in furtherance of the purposes of this subchapter. Non-Federal contributions may be in cash or in kind, fairly evaluated, including plant, equipment, or services. The Secretary shall not require non-Federal contributions in excess of 20 percent of the approved costs of programs of activities assisted under this subchapter.

[(c) No programs shall be approved for assistance under this subchapter unless the Secretary is satisfied that the services to be provided under such program will be in addition to, and not in substitution for, comparable services previously provided without Federal assistance. The requirement imposed by the preceding sentence shall be subject to such regulations as the Secretary may prescribe.

[(d) The Secretary shall establish policies and procedures designed to assure that for fiscal year 1982 and thereafter no less than 10 percent of the total number of enrollment opportunities in Head Start programs in each State shall be available for children with disabilities (as defined in paragraph (1) of section 602 of the Education of the Handicapped Act) and that services shall be provided to meet their special needs.

[(e) The Secretary shall adopt appropriate administrative measures to assure that the benefits of this subchapter will be distributed equitably between residents of rural and urban areas.

[(f) The Secretary shall establish procedures to enable Head Start agencies to develop locally designed or specialized service delivery models to address local community needs.

[(g) If in any fiscal year, the amounts appropriated to carry out the program under this subchapter exceed the amount appropriated in the prior fiscal year, the Secretary shall, prior to using such additional funds to serve an increased number of children, allocate such funds in a manner that makes available the funds necessary to maintain the level of services provided during the prior year, taking into consideration the percentage change in the Consumer Price Index for all Urban Consumers, as published by the Bureau of Labor Statistics.

[(h) Each Head Start program may provide full-working-day Head Start services to any eligible child throughout the full calendar year.]

ALLOTMENT OF FUNDS; LIMITATIONS ON ASSISTANCE

SEC. 640. (a)(1) Of the sums appropriated under section 639, the Secretary shall allot such sums in accordance with paragraphs (2) through (5).

(2)(A) The Secretary shall reserve 13 percent of the amount appropriated for each fiscal year for use in accordance with the following order of priorities—

(i) Indian and migrant Head Start programs, in an amount—

(I) necessary to provide services to a percentage of all eligible Indian and migrant children that is not less than the percentage of all eligible Head Start children served; and

(II) not less than the amount that was obligated for use by Indian and migrant Head Start programs for fiscal year 1991;

(ii) services for children with disabilities (as defined in section 602(a)(1) of the Individuals with Disabilities Education Act);

(iii) payments to Guam, American Samoa, the Federated States of Micronesia, the Republic of the Marshall Islands, Palau, the Commonwealth of the Northern Mariana Islands, and the Virgin Islands according to their respective needs, except that such amount shall not exceed one-half of 1 percent of the sums appropriated for any fiscal year;

(iv) training and technical assistance activities which are sufficient to meet the needs associated with program expansion and to foster program and management improvement activities as described in section 648 of this subchapter, in an amount for

each fiscal year which is not less than 2 percent of the amount appropriated for any such fiscal year; and

(v) discretionary payments made by the Secretary

(B) No funds reserved under this paragraph or paragraph (3) may be combined with funds appropriated under any other Act if the purpose of combining funds is to make a single discretionary grant or a single discretionary payment, unless such funds appropriated under this subchapter are separtely identified in such grant or payment and are used for the purposes of this subchapter.

(3)(A) The Secretary shall reserve the quality improvement funds for such fiscal year, for one or more of the following quality improvement activities:

(i)(I) Not less than one-half of the amount reserved under this subparagraph, to improve the compensation (including benefits) of staff of Head Start agencies and thereby enhance recruitment and retention of such staff. The expenditure of funds under this clause shall be subject to section 653.

(II) If a Head Start agency cetifies to the Secretary for such fiscal year that part of the funds set aside under subclause (I) to improve wages cannot be expended by such agency to improve wages because of the operation of section 653, then such agency may expend such part for any of the uses specified in the subparagraph (other than wages).

(ii) To pay transportation costs incurred by Head Start agencies to enable eligible children to participate in a Head Start program.

(iii) To employ additional Head Start staff, including staff necessary to reduce the child-staff ratio and staff necessary to coordinate a Head Start program with other services available to children participating in such program and to their families.

(iv) To pay costs incurred by Head Start agencies to purchase insurance (other than employees benefits) and thereby maintain or expand Head Start services.

(v) To make nonstructural and minor structural changes, and to acquire and install equipment, for the purpose of improving facilities necessary to expand the availability, or enhance the quality, of Head Start programs.

(vi) To supplement amounts provided under paragraph (2)(A)(iv) to provide training necessary to improve the qualifications of the staff of the Head Start agencies, and to support staff training, child counseling, and other services necessary to address the problems of children participating in Head Start programs, including children from dysfunctional families, children who experience chronic violence in their communities, and children who experience substance abuse in their families.

(B)(i) Funds reserved under subparagraph (A) for each of the first, second, and third fiscal years for which funds are so reserved shall be allowed by the Secretary as follows:

(I) 80 percent of such funds shall be allotted among the States in the same proportion as the Secretary allots funds among the States under paragraph (5) for the fiscal year.

(II) 20 percent of such funds shall be allotted among the States, and used to make grants to Head Start agencies, at the discretion of the Secretary.

(ii) Funds reserved under subparagraph (A) for each fiscal year subsequent to the third fiscal year for which funds are so reserved shall be allotted by the Secretary among the States in the same proportion as the Secretary allots funds among the States under paragraph (5) for the fiscal year.

(iii) To be expended for the activities specified in subparagraph (A) in each of the first, second, and third fiscal years for which funds are required by such subparagraph to be reserved, funds allotted under clause (i)(I) shall be used by the Secretary to make a grant to each Head Start agency that receives a grant from funds allotted under paragraph (5) for such fiscal year, in the amount that bears the same ratio to the amount allotted under clause (i)(I) for such fiscal year for the State in which such agency is located as the number of children participating in the Head Start program of such agency in such fiscal year bears to the number of children participating in all Head Start programs in such State in such fiscal year.

(iv) To be expended for the activities specified in subparagraph (A) in each fiscal year subsequent to the third fiscal year for which funds are required by such subparagraph to be reserved, funds allotted under clause (ii) shall be used by the Secretary to make grants to Head Start agencies that receive grants from funds allotted under paragraph (5) for such fiscal year, in such amounts as the Secretary considers to be appropriate. The aggregate amount of grants made under this clause to Head Start agencies in a State for a fiscal year may not exceed the amount allotted under clause (ii) for such State for such fiscal year.

(v) If a Head Start agency certifies for such fiscal year to the Secretary that the agency does not need any funds under subparagraph (A), or does not need art of such funds the agency would otherwise receive under clause (iii) or (iv), unneeded funds shall be used by the Secretary to make grants under this subparagraph without regard to such agency.

(iv) Funds received under this subparagraph shall be used to supplement, and not to supplant, funds received under paragraphs (2), (4), and (5).

(4(A) The Secretary shall reserve not less than 3 percent of amounts appropriated under section 639(a) to carry out program through Parent-Child Centers and other early childhood intervention programs serving infants and toddlers.

(B)(i) Such early childhood intervention programs shall be designed—

(I) to enhance the development of children who are less than 3 years of age; and

(II) to strengthen the family unit by providing opportunities for increasing the child development skills and knowledge of their parents.

(ii) Such early childhood prevention programs shall provide comprehensive services (such as social, health, and educational services) to low-income families with children who are less than 3 years of age. Such programs may provide such services to any eligible family during any period of time and may be center-based, home-based, or a combination of both.

(C) Funds reserved under subparagraph (A) for a fiscal year shall be allotted as follows:

(i) For Indian and migrant early childhood intervention programs, the Secretary shall allot the amount that represents the same proportion as such programs collectively received of the funds appropriated under section 639 for fiscal year 1990.

(ii) After making the allotment under clause (i), the Secretary shall allot the remainder of such funds among the States in the same proportion as funds are allotted among the States under paragraph (5), except that the amount allotted for each State shall not be less than $200,000 or the amount that represents the same proportion of the funds appropriated under section 639 for fiscal year 1990 that were allotted for such State and used to carry out early childhood intervention programs, whichever is greater.

(D) The Secretary may not make a grant under this paragraph to a Head Start agency for a fiscal year unless—

(i) such agency certifies that carrying out the early childhood intervention program for which such grant is requested will not reduce services provided by such agency to children who participate in other programs provided by such agency under this subchapter; and

(ii) such agency certifies that to the maximum extent practicable, the agency will provide continuous service to children who receive services under this paragraph through compulsory school age, either through the early childhood intervention programs authorized by this paragraph or through other Head Start programs.

(E) For purposes of this paragraph, the term "low-income family" means a family that satisfies the eligibility requirements applicable under section 645(a).

(5) The Secretary shall allot the remaining amounts appropriated in each fiscal year among the States, in accordance with latest satisfactory data, so that—

(A) each State receives an amount that is equal to the amount the State received for fiscal year 1981; and

(B)(i) 33⅓ percent of any amount available after all allotments have been made under subparagraph (A) for such fiscal year shall be distributed on the basis of the relative number of children from birth through 18 years of age, on whose behalf payments are made under the program of aid to families with dependent children under a State plan approved under part A of title IV of the Social Security Act in each State as compared to all States; and

(ii) 66⅔ percent of such amount shall be distributed on the basis of the relative number of children from birth through 5 years of age living with families with incomes below the poverty line in each State, as compared to all States.

(6) For purposes of this subsection, the term "State" does not include Guam, American Samoa, the Virgin Islands, the Commonwealth of the Northern Mariana Islands, the Federated States of Micronesia, the Republic of the Marshall Islands, and Palau.

(b) Financial assistance extended under this subchapter for a Head Start program shall not exceed 80 percent of the approved costs of the assisted program or activities, except that the Secretary may approve assistance in excess of such percentage if the Secretary

determines, in accordance with regulations establishing objective criteria, that such action is required in furtherance of the purposes of this subchapter. Non-Federal contributions may be in cash or in kind, fairly evaluated, including plant, equipment, or services. The Secretary shall not require non-Federal contributions in excess of 20 percent of the approved costs of programs or activities assisted under this subchapter.

(c) No programs shall be approved for assistance under this subchapter unless the Secretary is satisfied that the services to be provided under such program will be in addition to, and not in substitution for, comparable services previously provided without Federal assistance. The requirement imposed by the preceding sentence shall be subject to such regulations as the Secretary may prescribe.

(d) The Secretary shall establish policies and procedures designed to assure that for fiscal year 1982 and thereafter not less than 10 percent of the total number of enrollment opportunities in Head Start programs in each State shall be available for children with disabilities (as defined in section 602(a)(1) of the Individuals with Disabilities Education Act) and that services shall be provided to meet their special needs.

(e) The Secretary shall adopt appropriate administrative measures to assure that the benefits of this subchapter will be distributed equitably between residents of rural and urban areas.

(f) The Secretary shall establish procedures to enable Head Start agencies to develop locally designed or specialized service delivery models to address local community needs.

(g) The Secretary shall, prior to using such additional funds to serve an increased number of children, allocate such funds in a manner that makes available the funds necessary to maintain the level of services provided during the prior year, taking into consideration the percentage change in the Consumer price Index for All Urban Consumers, as issued by the Bureau of Labor Statistics.

(h) No Head Start program that seeks to use a portion of an allotment made under this section to provide full-working-day Head Start services throughout the calendar year shall be denied the authority to provide such services if—

(1) the local parent policy council determines that such services are needed; and

(2) such services are provided to eligible children, as described in transmittal notice 72.6 of the Office of Human Development Services publication "Applicable Head Start Policies", as in effect on June 12, 1991.

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POWERS AND FUNCTIONS OF HEAD START AGENCIES

SEC. 642. (a) * * *

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(d) A Head Start agency may, for the purpose of expanding the availability, or enhancing the quality, of Head Start programs, utilize funds appropriated under section 639(a) to pay the costs of—

(1) acquiring, expanding, and modernizing existing buildings and constructing new buildings (including the costs of amortizing the principal of, and paying interest on, loans); and
(2) acquiring and installing equipment.

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